

OPEN MEETING AGENDA ITEM



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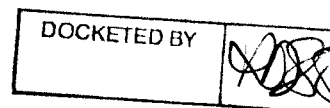
October 1, 2010

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Arizona Corporation Commission
DOCKETED

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Chairman Mayes

Commissioners Pierce, Stump, Kennedy and Newman

Arizona Corporation Commission

1200 W. Washington St., 2nd Floor

Phoenix, AZ 85007

RE: Response to APS Application for Approval of a Solar Electrical Supply Agreement
Docket No. E-O1345A-10-0113

Dear Commissioners:

The Solar Alliance appreciates the opportunity to address the Arizona Corporation Commission (ACC) regarding Arizona Public Service (APS) Company's Application for Approval of a Solar Electrical Supply Agreement filed in the above docket on September 9, 2010.

APS plans to use the "REC plus Energy Contract Model" as approved in the 2010 REST Plan (see docket E-01345A-09-0338, decision no. 71459) to build a 15MW solar photovoltaic plant on site at Freeport Cooper for direct assignation to Freeport's load and to count the output against its non-residential distributed energy requirement. We understand that the "REC plus Energy Contract Model" was proposed by APS in 2008 as a good faith measure to stimulate commercial solar projects given that demand at the time for the "PBI model" was low.

Thank you for allowing us more time to review the proposal, its history, and APS' filings regarding future projects.

We support this APS application, as well as the intent of the Commissioner Mayes Amendment to the application, namely, to require APS to notify the Commission if any non-residential distributed energy projects would be rejected due to this project's share of APS' obligation and to request additional funding

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from the Commission to satisfy unmet demand.¹ It is in the state's interest to build a diversity of project opportunities; maximizing the number of solar installations will maximize job growth for the state.

We appreciate APS support of growth in non-residential solar market, and commend APS for its intent to overcomply with its 2011 REST obligations, as stated in the APS Proposed 2011 REST plan.

Moreover, we believe it is APS's intent going forward, based on language in APS' proposed 2011 REST plan, to count these larger projects separately from its smaller distributed energy obligations and budgets, under a new proposed Feed In Tariff "Small Generator Standard Offer" program. We believe keeping these larger projects separate will help avoid potential confusion or reduction of opportunities for smaller commercial distributed energy projects. We look forward to a clarification on these points via the REST docket.

Finally, demand for the PBI program has steadily increased since 2008, and will increase substantially with resolution on the regulatory status of third-party ownership of systems. We ask that the Commission undertake a review as soon as possible of third-party financing rules to spur new commercial projects and ensure a diversity of project growth in all market segments (see docket E-00000A-10-0368).

In conclusion, we appreciate the chance to provide comments on this request, and we support this project with the Mayes amendment.

Respectfully submitted,



Joy Butler

State Lead for Arizona

¹ Mayes Proposed Amendment 1, September 21, 2010.